

Message Text

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44

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 SSO-00 NSCE-00 INRE-00 AGR-20

AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 COME-00 OMB-01

TRSE-00 IO-13 SS-15 NSC-10 IGA-02 L-03 DRC-01 /124 W

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O P 151816Z SEP 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 5612

INFO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L SANTIAGO 4262

E.O. 11652: GDS

TAGS: EAGR, CI

SUBJ: CHILE'S WHEAT SITUATION

REF: STATE 183902

1. APPRECIATE INFORMATION IN REFTEL ON STATUS OF CHILE'S EXISTING WHEAT CONTRACTS, WHICH CORRESPONDS CLOSELY TO WHAT WE HAVE FROM LOCAL SOURCES.

2. ALL INDICATIONS FROM OUR INFORMAL CONTACTS WITH NEW CHILEAN AUTHORITIES POINT TO THE ESTABLISHMENT OF AN ADEQUATE FOOD SUPPLY, PARTICULARLY WHEAT, AS THEIR TOP PRIORITY CONCERN AS THE SECURITY SITUATION IS RESOLVED. EXISTING CONTRACTS (SIGNED BY UP GOVT) WERE MADE WITH IDEA OF MEETING MINIMUM CONSUMPTION REQUIREMENT OF 130,000 MT PER MONTH, WHICH WAS STILL WELL SHORT OF MEETING DEMAND. STOCKS ON HAND ARE BELIEVED TO BE ADEQUATE FOR APPROXIMATELY THREE-FOUR WEEKS.

3. WE HAVE STRONG IMPRESSION THAT MILITARY JUNTA VIEWS PRIOR SUPPLY LEVEL AS INADEQUATE AND WILL SEEK ADDITIONAL IMPORTS-LOOKING FIRST TO THE US. IN THEIR THINKING, REDUCTION OR ELIMINATION OF LONG BREAD LINES BY SATISFYING DEMAND WOULD BE OF UTMOST POLITICAL IMPORTANCE.

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4. IMMEDIATE USG CONCERN ON WHEAT, AS WE SEE IT, IS TO

ASSURE THAT EXISTING CONTRACTS ARE SHIPPED, ON AN ACCELERATED SCHEDULE IF POSSIBLE. ARRIVALS OF ALL PRESENTLY CONTRACTED GRAIN BY EARLY NOVEMBER MAY BE NECESSARY EVEN TO MAINTAIN PRESENT INADEQUATE SUPPLIES. HOWEVER, IT IS DOUBTFUL THAT NEW GOVT CAN FIND FOREIGN EXCHANGE TO OPEN LETTERS OF CREDIT AS CONTRACTS REQUIRE. WE, THEREFORE, ANTICIPATE THAT JUNTA WILL APPROACH US VERY SOON TO ASK FOR CREDITS FOR THESE SHIPMENTS.

5. I RECOMMEND THAT WASHINGTON BEGIN EXAMINING NOW HOW WE CAN RESPOND POSITIVELY TO THE ANTICIPATED CHILEAN REQUEST. FOR EXAMPLE, IF CCC FACILITIES CAN BE ARRANGED, I AM SURE THE CHILEAN MILITARY WOULD FIND IT EXTREMELY HELPFUL.

6. I WOULD VERY MUCH APPRECIATE YOUR GUIDANCE ON AN URGENT BASIS.

DAVIS

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Message Attributes

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